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FOREIGN AGRICULTURE

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World Coffee Prospects

Australia and Britain's EC Membership

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This week's cover:

Grain sorghum crop in Australia. Preparing for the day when Britain joins the EC, Australia has been seeking alternative customers for its farm produce; and it has developed an active market in Japan for its feedgrains (as well as other products). For more on Australia's need to shift its farm export emphasis away from Britain, see story beginning page 8.

Clifford M. Hardin, Secretary of Agriculture

Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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Some Developments That May Be Signs Of the Future in the World Food Trade

By CLARENCE D. PALMBY,
Assistant Secretary of Agriculture,
speaking to the Grain Handling Outlook Conference in Nebraska

Some of the things that are happening in our country—and in the world—are indicative of larger trends. They are, in fact, part of the dynamics of the world food economy—the push and pull of the international market.

Returns to U.S. beef producers have increased by almost one-third since 1967. Despite last year's price dip for slaughter cattle, dollar returns have climbed steadily with the rise in consumer demand. In 1967, farmers received $10.6 billion for cattle and

calves sold. The level of cash receipts moved upward at a rate of about a billion dollars a year, reaching $13.7 billion in 1970.

The reason is, of course, market growth. Per capita consumption of beef and veal climbed to a record of almost 117 pounds last year. This was a growth of about 7 pounds in 3 years, as America indulged a growing appetite, and ability to pay, for the food that consumers most often equate with good living.

The projection is that per capita consumption of beef and veal will rise to about 130 pounds by 1980. To satisfy this demand from a growing population will require an increase in beef production of more than a fourth, with a parallel increase in feed.

Per capita consumption of vegetable oils in this country has gone up by almost half in the past 10 years. Between 1960 and 1970, per capita consumption of vegetable oils climbed from 27 pounds to 39.2, and this upward trend is continuing into 1971. Per capita use of all fats and oils has been rising steadily, and vegetable oils account for all the rise—and more.

A part of the growth in vegetable oil use has been at the expense of butter and lard. During the decade of the 1960's, the use of butter declined from 7.5 pounds per person to 5.2 pounds, and consumption of lard dropped from 10.9 pounds to 7.1 pounds.

Cheese has improved its market position substantially in the past 10 years —contrary to the trend in consumption of most dairy products. U.S. per capita consumption of cheese (except cottage) rose 39 percent between 1960 and 1970. Fluid milk declined by 18 percent and butter by 29 percent. Overall per capita use of milk (milk solids equivalent) has declined about 15 percent, with butterfat taking most of the loss. Per capita use of nonfat solids went down only 5 percent.

The dollar value to farmers of soybeans crushed and exported went up 60 percent between 1967 and 1970. In 1967, the farm value of U.S. soybeans crushed and exported was $2.1 billion. In 1970, the total farm value of soybeans used was $3.4 billion—with exports of beans accounting for well over a third of this return.

This is the real measure of growth in the soybean market, domestic and export, in the past 3 years. The ability of the market to take **more** soybeans, at higher prices, has worked directly to benefit farmers in a most dramatic way.

In 10 years, the United States upped its exports of wheat, corn, and milo to Japan by a whopping 650 percent. In fiscal 1960, the Japanese took 1,169,000 metric tons of these grains from the United States. In fiscal 1970, they took 8,762,000 tons.

Corn was the leading growth item, accounting for 4,536,000 metric tons in 1970, a 20-fold increase in 10 years.

Our milo did extremely well too, increasing from virtually nothing in 1960 to 1,948,000 metric tons in 1970. U.S. wheat shipments to Japan climbed from 935,000 metric tons to 2,278,000 metric tons in the 10-year period.

Japan provides the classic example of a nation increasing its use of livestock and poultry products as a result of growth in per capita income. The average Japanese now consumes four times as much meat, milk, and eggs as he did in the 1950's. And still, Japan lags far behind the United States in per capita consumption of these products—a fact that is a measure of opportunity for the future.

Canada has responded to the world growth in feedgrain demand by more than doubling its barley production in 4 years. This year, the Canadians may produce around 600 million bushels of barley, compared with 249 million in 1967. Their purpose is to get a bigger share of the world feedgrain market and to convert more of their own feeder cattle to quality fed beef.

This is most apparent in the reduced number of Canadian feeder cattle being exported to the United States. In the peak year of 1965, the United States took 560,000 head of Canadian cattle exclusive of breeding animals and of cows for dairy purposes. By 1970, these imports had fallen to 171,000. Through May of this year, imports were at about the same rate as last year.

We estimate that three-fourths of the decline in Canadian shipments to this country since 1965 is balanced by increased feeding within Canada.

The Dutch have sharply reduced the grain content of manufactured feeds. In 3 years, the grain component of prepared swine rations was cut from 55 percent to 29 percent—a result of Common Market policies.

In contrast, Denmark, not yet a member of the European Community, increased by a small amount the grain content of its swine feeds. And feed manufacturers in the United States made no change—maintaining the share of grains in the ration at a consistent 85 percent.

In Holland the trend toward nongrain ingredients has been pronounced because of the variable levies applied to imported grains by the European Community. The Dutch, with the help of computers, found out in a hurry that they could produce rations at least cost by using noncereal ingredients—including feed peas, manioc, alfalfa meal, fishmeal, beet pulp, dried milk, and a variety of other materials.

These are some of the changes going on in the world. They have a common thread—each change reflects a response to opportunity. In the United States, beef producers and soybean growers respond to increased demand. Increased returns from beef cattle and from soybeans reflect this growth in demand at home and abroad—for the livestock and poultry products usually thought of as a part of better living. Per capita consumption of vegetable oils and cheese reflects the changed eating habits of Americans—and some of this gain is at the expense of other animal products.

Elsewhere in the world, farmers and their suppliers react to change in the world market and in patterns of trade. The Japanese have enormously increased feedgrain imports to help meet the rising demand there for meat, milk, and eggs. The Dutch have decreased feedgrain imports and substituted other materials, because of trade restrictions in the Common Market. And the Canadians are growing more feedgrains and feeding more cattle at home—their response to the changing world appetite.

Each of these trends is a reflection of opportunity—and response to that opportunity. The world market is a dynamic place—a place of opportunity for American agriculture to increase its returns from the marketplace. We know that, from the record of the recent past.

To accomplish this, however, will require the will to compete, plus constant vigilance to maintain fair access for our agricultural products in the markets of the world.

World Coffee Prospects In 1970's: Brazilian Production Is The Key

By J. PHILLIP ROURK
Sugar and Tropical Products Division
Foreign Agricultural Service

The 1968 International Coffee Agreement (ICA) will expire September 30, 1973. As always, the world coffee situation during the remaining period of the Agreement will be largely determined by conditions in Brazil. Since the level of Brazilian production is likely to stabilize at a lower level than during the past decade, world coffee supply patterns will change considerably, and this will have serious implications for the negotiation of a new agreement.

During the past 5 years (1965-66 to 1969-70), average total coffee exports have been as follows:

	1,000 bags 60 kg.	*Percent*
Colombian Milds	7,870	15.1
Other Milds	10,459	20.1
Unwashed Arabicas ..	19,437	37.5
Robustas	14,191	27.3
Total	51,957	100.0

Although the total amount exported varied from ICA marketing year to marketing year, there was a remarkable stability in the percentage of total exports held by each type. Given a normal supply situation, it would be expected that this pattern would continue during the next few years. However, there are indications that the supply situation will be altered because of the relatively lower level of production in Brazil.

The most important factor influencing the market during the past 2 years was the Brazilian freeze and drought of 1969 which resulted in a crop of about 10 million bags in 1970-71—a considerable decline from the 1962-63 to 1966-67 average annual production of 24.6 million bags. Brazilian stocks, already declining because of a series of deficit harvests, were reduced sharply.

Brazilian coffee farmer (right) uses traditional drying method instead of modern paved dry-yard (above). Despite recent lower production, Brazil is the world's largest coffee producer.

Brazilian coffee exports in 1969-70, at 18.1 million bags, were 1 million bags below the level of the preceding year. This represented only 34.2 percent of world exports compared with 36.4 percent in 1968-69. The Brazilians attempted to regain a larger share of the market in 1970-71 by cutting prices. Although this worked temporarily—shipments increased considerably in December 1970—they soon slumped again to near record low levels. Accordingly, in February 1971, the Brazilian Government sharply reduced the minimum registration price by 12 cents per pound in an effort to make Brazilian coffees more competitive. Although exports subsequently increased, it seems unlikely that Brazilian exports in 1970-71 will be as large as those in 1969-70, and the country's share of the world market will probably fall.

To a certain extent, regardless of the policies it follows, the realities of the supply situation indicate that Brazil's share of the market will be less during the next 3 years than it has been in the past. From an average share of 37.6 percent of the world market during the 5-year period from 1965-66 to 1969-70, Unwashed Arabicas could account for no more than about 34 percent during the 3-year period 1970-73.

In terms of volume, Brazil's exports during the 3-year period 1970-71 to 1972-73 will probably total at least 5 million bags less than in the preceding 3-year period. Since total world exports during the next 3 years are expected to be up slightly, the 5-million-bag reduction in Brazilian Arabica exports would have to be made up by increased exports of Milds and Robustas.

If the Brazilian drop reached this level, exports during the period 1970-71 to 1972-73 would be about as follows:

	1,000 bags 60 kg.	*Percent*
Colombian Milds	8,600	16.2
Other Milds	11,200	21.1
Unwashed Arabicas ..	18,100	34.2
Robustas	15,100	28.5
Total	53,000	100.0

Other factors which may have a bearing on the demand for specific types of coffee are the advent of "freeze-dried" soluble coffee, and possible consumer reaction to current price levels. The success achieved by freeze-dry soluble thus far indicates that it

may take over a substantial segment of the "instant coffee" market in the near future. This could mean an increased demand for Arabicas by soluble coffee processors. The rapid growth of the Brazilian soluble industry, using entirely Arabicas, reinforces this trend. Brazilian exports of soluble in 1970 amounted to approximately 1 million bags, green coffee equivalent.

Against this trend should be weighed the fact that Robusta generally remains the cheapest of the four main types of coffee, although the price differential between types is relatively small at present. If a strong consumer reaction against present prices develops (which seems unlikely) roasters may be tempted to use more Robustas in their blends.

There is also the possibility that the Robusta producers may alter the marketing policies they have followed for the past few years. Until now, these countries, largely operating through their government-controlled marketing boards, have been strong sellers. The growers have often been paid a purely nominal, fixed price for their coffee; the exporters in many countries function essentially as commission agents; and the boards have both the physical and financial capacity to store coffee and hold it until they feel the price is right.

Since Robusta exports are expected to increase because of the anticipated Brazilian shortfall, these marketing policies may be sufficient. However, production in these countries continues to grow, and stocks of Robustas will continue to increase. This may prompt a policy designed to compete for an even larger share of the world market through price cutting and more aggressive selling. A growing market for soluble coffee in Europe will help in increasing Robusta sales.

If Robusta-producing countries do succeed in gaining a larger share of the market it might be at the expense of Other Milds. Countries producing Other Milds have generally been weak sellers with coffee being offered by a great many individual producers or exporters who lack the financial resources to hold coffee for any length of time.

Taking into consideration past patterns of production and demand as well as differences in marketing organization, the table on the next page presents estimated world coffee supply and distribution for the next few years.

Production estimates in this table are based on trends established during the past 15 years. Higher price levels in the past 2 years have stimulated improved cultivation practices and increasing application of fertilizers. It is not yet evident that there has been any significant increase in new plantings, but better care of plantations alone would insure an annual increase in production of perhaps as much as 2.5 percent (about 1.1 million bags) in areas other than Brazil.

Future Brazilian production is more difficult to predict. In addition to the vagaries of the weather (drought and frost) which periodically lead to dramatic reductions in production, there is an undetermined effect from coffee rust disease now present in the country. At the very least the disease will lead to increased production costs for chemical control measures.

The productive capacity of the Brazilian coffee industry is far less today than it was a few years ago—the average annual production of 33 million bags from 1957-58 to 1961-62 declined to 18.4 million bags in 1967-68 to 1971-72. However, there is reason to believe that production has now stabilized, and there may even be a slight increase during the next few years. Many Federal and State authorities in Brazil are concerned about the downward trend in production, and plans are being formulated to reverse it. Brazil has the land, organization, technical skill, and capital resources to implement an expansion program, but there is little evidence so far that expansion will occur on a significant scale.

One of the reasons for the decline noted in the last 5-year period was the severe freeze and prolonged drought in Paraná and São Paulo in 1969 which drastically reduced production. Average production during this period was much less than it might otherwise have been. However, adverse weather conditions could very well continue to be significant factors in the future because the major coffee-producing area in Brazil has moved southward from the State of São Paulo to Paraná, and the possibilities of damaging frosts are greatly enhanced.

Surplus stocks held by producing countries will probably decline from a total of 44.5 million bags in 1968-69 (representing about 84 percent of annual world exports) to 18.5 million in 1972-73 (representing only about 35 percent of annual world exports). It is clear that by 1972-73, surplus stocks will no longer depress the world coffee market and, on the contrary, may prove to be dangerously low to cope with an emergency situation brought about, for example, by a serious freeze in Brazil.

As stocks decline, the type of coffee in surplus and the countries involved will change considerably. In 1968-69 about four-fifths of total world stocks were held by Brazil, but it is estimated that by 1972-73 Brazilian stocks will probably be less than one-fifth of the total. Well over one-half of world

ESTIMATED PERCENTAGES OF TOTAL STOCKS BY TYPES

Type	1968-69	1969-70	1970-71	1971-72	1972-73
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Unwashed Arabicas ..	79.3	70.4	48.6	41.7	16.8
Colombian Milds	9.9	12.1	17.9	16.5	21.1
Other Milds..	2.7	3.9	4.3	2.9	2.6
Robustas	8.1	13.6	29.2	38.9	59.5

ESTIMATED WORLD COFFEE SUPPLY AND DISTRIBUTION

Item	Unwashed Arabicas	Colombian Milds	Other Milds	Robustas	Total
	Mil. bags[1]	*Mil. bags*[1]	*Mil. bags*[1]	*Mil. bags*[1]	*Mil. bags*[1]
Beginning carryover 1969-70	35.3	4.4	1.2	3.6	44.5
Production 1969-70	21.2	10.1	17.3	17.4	66.0
Total availability	56.5	14.5	18.5	21.0	110.5
Less domestic consumption	9.5	1.4	6.3	1.2	18.4
Net available for export	47.0	13.1	12.2	19.8	92.1
Actual exports 1969-70	19.6	8.4	10.7	14.5	53.2
Ending carryover 1969-70	27.4	4.7	1.5	5.3	38.9
Beginning carryover 1970-71	27.4	4.7	1.5	5.3	38.9
Est. production 1970-71	12.0	9.3	17.2	18.4	56.9
Total availability	39.4	14.0	18.7	23.7	95.8
Less domestic consumption	9.0	1.4	6.5	1.2	18.1
Net available for export	30.4	12.6	12.2	22.5	77.7
Est. exports 1970-71	17.9	8.0	11.1	15.0	52.0
Ending carryover 1970-71	12.5	4.6	1.1	7.5	25.7
Beginning carryover 1971-72	12.5	4.6	1.1	7.5	25.7
Est. production 1971-72	25.9	9.6	17.3	18.0	70.8
Total availability	38.4	14.2	18.4	25.5	96.5
Less domestic consumption	9.5	1.5	6.5	1.3	18.8
Net available for export	28.9	12.7	11.9	24.2	77.7
Est. exports 1971-72	18.8	8.7	11.2	14.8	53.5
Ending carryover 1971-72	10.1	4.0	.7	9.4	24.2
Beginning carryover 1972-73	10.1	4.0	.7	9.4	24.2
Est. production 1972-73	20.2	10.5	17.8	18.5	67.0
Total availability	30.3	14.5	18.5	27.9	91.2
Less domestic consumption	9.7	1.5	6.7	1.3	19.2
Net available for export	20.6	13.0	11.8	26.6	72.0
Est. exports 1972-73	17.5	9.1	11.3	15.6	53.5
Ending carryover 1972-73	3.1	3.9	.5	11.0	18.5

[1] 60 kg.

stocks will probably consist of Robusta-type coffee.

Thus, by 1972-73, stocks of Robusta would equal 72.8 percent of the annual import demand for that type while Unwashed Arabica stocks would equal only 17.1 percent of the average annual import demand for that type.

These significant structural changes in world coffee productive capacity will, if not reversed, inevitably be reflected in consumer markets at a later date. The most important of these changes have been the sharp decline in Brazilian productive capacity and the continued increase in production of the Robusta-producing countries.

These changes have been partially masked by the existence of large Brazilian stocks which have enabled that country largely to meet its ICA quota despite deficit production, and by the quota system of the ICA which has tended to freeze the market shares of the four main types of coffee.

The International Coffee Agreement of 1968 expires on September 30, 1973. It is possible, therefore, that at least preliminary steps leading to an extension of the present agreement, or the negotiation of a new one, will probably be taken sometime in 1972 or early 1973. Although it would be unwise to speculate at this time as to the precise form any succeeding agreement might take, the changes that have already occurred in the pattern of world coffee production may call for more than a simple extension of the agreement in its present form.

In any case, production for the 5-year period following a new agreement —1973 to 1978—will be derived from trees already in the ground or that will be planted during the next 2 or 3 years. This view is reinforced by available data which indicate that there have been no large-scale new plantings during the past year or so, nor are there known plans involving massive new investment in the coffee industry.

It is possible, therefore, to estimate the trend of world coffee production for the period 1973 to 1978 with a reasonable degree of accuracy. Admittedly, the margin for error in calculating yearly production remains great because weather conditions play such a large role in determining yields. Nevertheless, it seems reasonable to assume, at this time, that production will continue to increase at a rate of from 1 to 3 percent annually in most countries other than Brazil. Production in Brazil is likely to be erratic, as in the past, but will probably show a slower rate of growth than elsewhere.

The production increases foreseen above would result, almost entirely, from continued improvement in cultural practices and increased fertilization, and presuppose a price level at least as high as at present. Lower prices would undoubtedly have an adverse impact on production, particularly in Latin America, where rising costs may inhibit future production increases.

It is possible to give a rough indication of the probable supply situation for the different types of coffee during 1973-78 by studying current data on production, indications of world demand by types, known plans for expansion, and assessment of the technological capabilities for increased production in certain countries, and other pertinent factors. These estimations should be viewed as rough indicators rather than

(*Continued on page 16*)

Picking coffee berries in the shadow of Mt. Kilimanjaro.

Ecuador: A Market For U.S. Quality Wheats

By DAMIAN MIRANDA
Office of the U.S. Agricultural Attaché Quito

Ecuador's wheat production has more than doubled between 1950 and 1970, but its growth has failed to keep up with the country's booming rate of consumption. As a result of this deficit, Ecuador has been a long-time wheat importer and in 1971–72 is expected to buy about twice the amount it did just 10 years ago. The United States will be a major supplier of this wheat.

Expected to reach a peak of 110,000 tons in 1971–72, Ecuador's wheat import needs received an upward push by a drop in production—from 70,000 metric tons in 1970–71 to an expected 60,000 tons in the current fiscal year—and an increase in consumption to approximately 160,000 tons—10,000 tons more than in 1970–71.

During 1970–71, Ecuador imported a record volume of nearly 83,000 metric tons of wheat, equivalent to approximately $6 million, of which 90 percent was U.S. Northern Spring and Dark Northern Spring high-protein wheats. Ten percent was Manitoba wheat.

Ecuador's imports of wheat have grown rapidly during the past 5 years. In the last 4 of these, the United States has been the country's major supplier. Imports from the United States reached a peak of almost 75,000 tons in 1970–71, up from 52,350 in 1967–68.

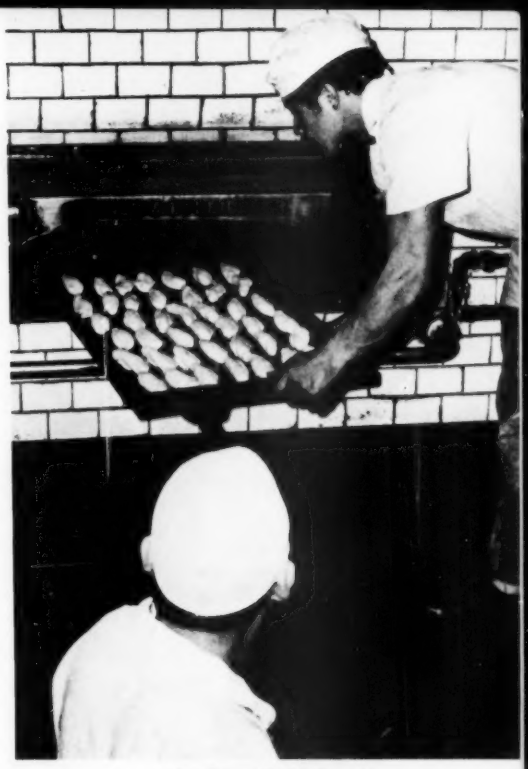
Canada, Ecuador's main supplier from 1960 to 1966, has seen its share decrease to a small portion of this high-quality wheat market, supplying an average of about 10,000 tons annually for the past 4 years.

Ecuador's import requirements are increasing, and the National Program for Grains and Fodder believes that in future years Ecuador's imports will maintain a minimum level of 100,000 tons annually.

Until about 1940, Ecuador imported only wheat flour from the United States and Canada for use by the baking industry of the coastal areas. Wheat produced in the mountainous Sierra region was sufficient to meet the needs of the small wheat mills in highland cities.

During the war years, Ecuador began to experience some scarcity of wheat flour, especially in the coastal area, mainly because of shipping problems. Additional pressures were put on the limited wheat supplies by a population growth of about 3 percent annually.

Ecuador's wheat production has been on a general uptrend for at least the past two decades. Domestic wheat production in 1950 was placed at less than 30,000 tons. Ten years later it had almost doubled, and in 1961 it reached a peak of 78,000 tons.



Baking rolls in Ecuador.

Largely responsible for this jump was an increase in planted area from 141,000 to 175,000 acres, and the use of better seeds and cultivation practices. However, many unsuitable fields were planted, and there are now few unexploited areas available for growing future wheat crops.

Ecuador took affirmative steps to solve the country's wheat production problems when the Ecuadorean Congress of 1949 created the National Wheat Commission (NWC). Although NWC did not start to operate until 1954, its goals were to develop wheat production in Ecuador; to control imports of flour; and to protect the farmer from excessively low wheat prices.

About this time the first—and still the largest—flour mill in Ecuador was built in Guayaquil, the Molinos del Ecuador. At this time there was also a change in policy. The NWC decreed that all flour deficits in the country be met by grinding imported wheat rather than by importing flour. Also, demand for wheat increased and highland millers began to import grain.

The NWC also established blending percentages for imported wheat. The first blends for the highlands were to

(Continued on page 16)

ECUADOREAN OFFICIAL ON U.S. VISIT

A representative of Ecuador's Ministry of Production, Engineer F. Rafael Chambers, executive director of Ecuador's National Program for Grains and Fodder in Quito, was in the United States for a 2-week-long trip beginning August 28.

Purpose of the visit was to observe firsthand the types and qualities of wheats produced in the United States; to gain additional information about U.S. wheat production, handling, merchandising, and storage; and to learn more about wheat-export programs of the U.S. Government.

On his trip, Engineer Chambers met with farmers, State officials of Great Plains Wheat, Inc., State wheat commission officials, cereal technologists, agronomists, grain elevator managers, wheat researchers, and USDA and Great Plains Wheat officials in the Nation's capital.

The trip was sponsored by Great Plains Wheat, Inc., the foreign marketing arm of wheat-producer-supported organizations in seven major U.S. wheat-growing States.

AUSTRALIAN FARM TRADE CO

ABOUT BRITAIN'S EC ME

By MARY ELLEN LONG
Foreign Regional Analysis Division
Economic Research Service

The prospect that the United Kingdom will become a full-fledged member of the European Community by 1973 is creating concern in Commonwealth nations about their exports of farm products. One of the major Commonwealth suppliers is Australia. Despite strong export-diversification efforts during the 1960's, Australia still counts the United Kingdom as one of its top agricultural markets, though now ranking fourth instead of first.

Under the Ottawa Agreements of 1932, Australia, as a member of the British Empire and later as a member of the Commonwealth of Nations, enjoys the benefits of duty-free and preferential status for many of the farm commodities it exports to the United Kingdom. Chief among these commodities subject to tariff preferences are butter, cheese, wheat, feedgrains, dried fruits, apples, pears, canned fruit, beef, lamb, and mutton.

The U.K. Government was particularly dependent upon Commonwealth suppliers for food and agricultural raw materials during World War II and the postwar period. Australia's exports to the United Kingdom during those years were assured by U.K. purchase contracts for dairy products, meats, certain grains, and selected fruits.

These trading advantages were further strengthened by bilateral negotiations between Commonwealth countries and the United Kingdon in the 1950's. In some of these negotiations, overall market assurances were given to exporters, or long-term marketing arrangements were provided for specified commodities. Australia secured such arrangements for its wheat and flour, sugar, and meats. Later in the 1960's, Australia shared in global quotas adopted by the United Kingdom to stabilize its imports of butter and cheese.

By the end of the 1960's, however, major changes were apparent in Australia's overall trade. The importance of farm commodities in the total value of exports declined to 51 percent by 1969–70 and is expected to continue a downward trend. Minerals, ores, chemicals, and manufactured goods now account for greater percentages of Australia's total trade revenues.

In the 1960's the share (by value) of Australian farm exports destined for the U.K. market shrank to 15 percent, while the shares going to the United States and Japan expanded to 19 and 15 percent respectively. The United States is the destination for increasing amounts of fresh and canned fruits. Japan is an important market for wheat, feedgrains, mutton, wool, hides and skins, and sugar. Mainland China until 1970 was the largest wheat market. Canada has become an increasingly important market for meats (beef, mutton, and lamb), canned fruits, and sugar. In 1970 the Middle East areas became sizable markets for wheat and barley, and larger exports of wheat are now being made to Egypt and other African countries. Africa is also a market for tallow and other animal fats.

Notwithstanding its export diversification efforts, Australia still found markets in the United Kingdom in 1970–71 for these important percentages of its agricultural exports (by volume): Butter, 70; wheat, 12; barley, 35; apples, 50; canned fruits, 60; dried fruits, 45; sugar, 25; and wool, 10. On a value basis, this trade was estimated at US$400 million.

In preparation for admittance to the Common Market, the United Kingdom has adopted this year a variable-levy system applicable to imports of grains, eggs, meats, and processed dairy prod-

AUSTRALIA'S FARM EXPORTS:

Country of destination	Average 1936-37 to 1938-39	Average 1955-56 to 1959-60
	Million	*Million*
Principal markets:	*U.S. dol.*	*U.S. dol.*
United Kingdom ...	310	495
EC	84	381
Japan	29	223
United States	24	71
Canada	11	27
New Zealand	7	30
China (Mainland) ..	6	17
Total	471	1,244
Total agricultural exports	561	1,569
Agricuture's share	*Percent*	*Percent*
of total exports	78	87

Commonwealth Bureau of Census and Statis-
1938-39; *Overseas Trade*, 1959-60 to 1969-70.

CHANGES IN DIRECTION OF

Country of destination	Average 1936-37 to 1938-39	Average 1955-56 to 1959-60
	Million	*Million*
Total agricultural	*U.S. dol.*	*U.S. dol.*
exports	100	100
Share of total to—		
United Kingdom ...	55	32
EC	15	24
Japan	5	14
United States	4	5
Canada	2	2
New Zealand	1	2
China (Mainland) ..	1	1
Other	17	20

Commonwealth Bureau of Census and Statis-
1938-39; *Overseas Trade*, 1959-60 to 1969-70.

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MEMBERSHIP

ucts (excluding butter and cheese). The levies are linked to guaranteed domestic prices for U.K. farmers. These import charges, plus the high freight costs encountered by Australian shippers, will, in and of themselves, sharply limit Australia's competitiveness as an exporter of wheat, feedgrains, and meats to the United Kingdom.

Should the United Kingdom become a full member of the EC by 1973, Australia's exports to the United Kingdom would have to compete with those of all EC suppliers and be subject to the complicated system of variable levies designed to restrict EC imports.

The most important problems will be sugar, dairy products, and fresh and canned fruits. Some of these commodities currently enjoy duty-free and preferential tariff status in the U.K. market, as well as special marketing arrangements. Additional uneasiness has been generated by the sharp decline in wool prices and the poor world market prospects for wool.

Over the years, the United Kingdom has imported sugar under the provisions of a Commonwealth Sugar Agreement which has been particularly important to Commonwealth producers. For the past 3 years, Australia's sugar trade has been limited to a quota of 1.1 million metric tons of raw sugar under the provisions of the International Sugar Arrangement.

In addition to the ISA quota, Australia has a commitment through 1974 to supply the United Kingdom with 340,000 metric tons of raw sugar annually and the United States with quota shipments set each year. Since Australia has the capacity to increase sugar production by another 100,000 metric tons, the loss of its guaranteed sugar market in the United Kingdom could be one of its most difficult export problems.

Australia has been highly dependent on the United Kingdom as an outlet for its surplus dairy production. From 1965–66 through 1969–70, an average of 63,420 tons of butter—nearly three-fourths of Australia's butter exports—went to the United Kingdom each year. The comparable figures for cheese were 10,500 tons, one-third of the total exports. Until very recently, the European Community has had surpluses of dairy products; any future EC surpluses, including those of Denmark, if that country joins the EC, will be channeled into the United Kingdom.

Future exports of apples and pears and canned fruits to the United Kingdom will have increased competition from EC suppliers. As a result of EC import restrictions and import charges, sharp rises in British consumer prices for these Australian commodities are inevitable, as compared with their present preferential status.

A 10-percent duty preference on grain sorghum imports from Commonwealth sources has recently been removed; and under the Common Agricultural Policy of the EC, imports would be subject to the full impact of the variable-levy system, which is designed to provide a high level of protection to EC grain production.

In view of this prospective trading situation, the substantial decline during the 1960's in the importance of the British market as an outlet for Australia's farm products will tend to lessen the impact on Australia. Should this trend continue to 1973, Australian producers would find the stiffer competition arising from British membership in the EC easier to adjust to than it would have been in the days when Britain was at the top of the list in Australia's farm trade. However, even with greater export diversification, Australia will face some major adjustment problems; and pressures on its agricultural markets other than Britain (including the United States) will be bound to increase.

TOTAL AND TO PRINCIPAL MARKETS

Average 1961-62 to 1965-66	1967-68	1968-69	1969-70
Million U.S. dol.	*Million U.S. dol.*	*Million U.S. dol.*	*Million U.S. dol.*
420	312	295	338
375	336	360	352
366	404	466	417
228	288	317	368
47	41	52	75
25	19	17	17
146	140	74	136
1,607	1,540	1,581	1,703
2,069	2,058	2,096	2,354
Percent	*Percent*	*Percent*	*Percent*
67	60	55	51

tics: *Customs and Excise Revenue,* 1936-37 to

AUSTRALIAN FARM EXPORTS

Average 1961-62 to 1965-66	1967-68	1968-69	1969-70
Million U.S. dol.	*Million U.S. dol.*	*Million U.S. dol.*	*Million U.S. dol.*
100	100	100	100
20	15	14	15
18	16	17	15
18	20	22	19
11	14	15	16
2	2	2	3
1	1	1	1
7	7	4	6
23	38	39	37

tics: *Customs and Excise Revenue,* 1936-37 to

Upper left, picking peaches; right, curd for Cheddar cheese, ready to be pressed. Australia's canned fruits and dairy products will be among its farm exports with marketing problems once Britain has joined the EC.

Argentine Poultry Industry Booming Use of

Stimulated by a rapidly growing broiler industry, Argentine mixed feed production hit a record level of almost 1 million metric tons in 1970, nearly 25 percent greater than the 800,000 tons of the year before. Rapid growth of mixed feed production is expected to continue, but increasing domestic requirements may force a reduction in the availability of high-protein oilseed meals going into export.

Until 1967 nearly all of Argentina's production of vegetable oilcakes and meal was exported. In 1967 and 1968 the mixed feed industry appears to have consumed an average of 44,000 tons of domestically produced oilcakes and meal. By weight this was about 8 percent of Argentina's total mixed feed production.

In 1969 the domestic mixed feed industry's consumption of oilcakes had risen to an estimated 150,000 tons (including 10,000 tons of domestic and imported soybean meal), and constituted 20 percent of mixed feed production. This amounted to 28 percent of the country's oilcake and meal output that is utilized by the Argentine poultry industry.

Preliminary figures for 1970 indicate oilcake and meal consumption approximated the 1969 level. In 1971, however, a further increase in domestic use of oilcakes and meal is expected, particularly peanut meal.

In the 1970-75 period, requirements of the mixed feed industry are expected to rise more rapidly than domestic production of oilcakes and meals. To meet this need, Argentina may have to play a diminishing role as an exporter of oilcakes and meals.

Projections indicate that annual mixed feed production will jump from 1 million to 1.8 million tons in the period 1970–75, based on the rate of production increase since 1967, and will almost entirely result from poultry industry increases. If protein meal use continues to comprise the current 20 percent of mixed feed tonnage, some 360,000 metric tons will be consumed a year. This amounts to well over half of the present production of oilcakes, which includes sunflowerseed, soybean, cottonseed, and peanut meals. This is significant, since until 1967 Argentina exported almost 100 percent of its oilcake and meal production.

The current Argentina distribution of mixed feeds is about as follows: 96 percent is fed to poultry, and 2 percent is used to feed swine, while a similar percentage is fed to cattle. Of the 96 percent used in poultry feed, 60 percent is fed to broilers and 40 percent is used in egg production.

When available, soybean meal may constitute up to 25 percent of the high-protein portion of broiler rations; meat meal makes up 30 percent, and the remaining 45 percent consists of sunflower, peanut, cottonseed, or blood meal. Some fishmeal with a relatively high-protein content has also been used. However, the results of fishmeal use have not been favorable.

The Argentine Government maintains standards on acceptable amounts of fat, fiber, calcium, phosphorus, and ash. Broiler rations have a minimum protein content of 19 percent, swine 15 percent, unless concentrates are used.

The Argentine mixed feed industry, generally, does not add fats to feeds. However, in 1969—because of favorable price relationships—tallow with antioxidants was added to broiler rations as a high-energy source. By mid-1970 tallow prices had risen and it was no longer profitable to add tallow to feeds. Corn prices were relatively attractive and displaced tallow.

Poultry production is likely to expand still more rapidly because of Argentina's current beef shortage.

The Argentine Government—in an effort to increase the amount of beef available for export—has embarked on a policy of cutting domestic consumption. A program has been implemented whereby every other week is a "no-

ARGENTINA'S MIXED FEED PRODUCTION

Year	Poultry	Cattle	Hog	Other	Total
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
1965	490.0	10.1	7.8	13.6	521.5
1966	451.7	7.8	3.6	8.2	471.3
1967	451.3	7.7	3.1	6.3	468.4
1968	631.8	7.5	5.9	7.0	652.2
1969	781.0	5.3	8.6	8.1	803.0
1970	953.4	5.9	8.6	10.0	977.9

Source: Argentine Mixed Feed Association.

Lack of Wool in

At a time when the rest of the world is oversupplied with wool, and world market prices have been plummeting, both India and Pakistan have wool shortages and their local wool prices

Mixed Feeds

beef" week. The goal is to reduce annual per capita consumption of beef from 198 pounds to 110 pounds.

During no-beef weeks, poultry, pork, and fish are likely to be substituted for beef. The main increases are expected to take place in the poultry industry because of the shortness of the growing cycle and the advantageous feed conversion ratio. The aim is to increase broiler consumption from 15 pounds to 37 pounds and egg use from 130 to 200 per capita per year. This in turn will require substantial increases in production of mixed feeds and use of protein oilcakes and meals.

To prevent poultry prices from rising as demand grows, the Government has established a maximum ceiling at retail of 47 cents per pound. Wholesale prices have been set at 40 cents per pound, while farm prices have been 27 cents. The trade reports, however, that the retail ceiling has created serious marketing problems.

Growers sell poultry to purchasers who are not subject to Government inspection. In turn, they sell to consumers at higher prices. The trade expects increases to be permitted in the present ceiling prices in order to encourage more orderly marketing.

(This article is part of a more comprehensive study being prepared on the competition situation of Argentine oilseed products. The report is expected to be available for general distribution in the near future.

The data in this article were made available by the Argentine Mixed Feed Association.)

India, Pakistan Is Counter to World Trends

have been trending upward. Both are sizable producers and exporters of wool; but both have been increasing imports and cutting back exports, to keep their woolen industries functioning.

In India, total raw wool production in 1970 remained about the same as the year before, at about 79 million pounds (greasy basis); but total imports rose by 12.5 million pounds, to 54.7 million, of which nearly all was apparel-type wool. As in previous years, Australia was the largest supplier. The import increase was made possible by the timely release of foreign exchange by the Government, increased import entitlement earned by exporters of woolen goods, and the removal in early 1970 of the ban on imports of medium to fine wools.

India's total raw wool exports, on the other hand, fell by 3.2 million pounds, to 14.5 million, of which nearly all was carpet-type wool. These smaller shipments resulted from increased domestic utilization, higher domestic prices compared with foreign offers, and increasing export competition from Pakistan, New Zealand, and Argentina. The USSR continued to be the largest purchaser of Indian wool, with a total offtake marginally higher than in 1969. Exports to most other destinations, however, fell below 1969 levels; those to the United Kingdom declined by about half.

Sheep shearing by traditional method in a village in Rajasthan, India's chief sheep and wool State.

Meanwhile, consumption of raw wool by the Indian industry totaled about 88 million pounds (greasy basis), including 33 million pounds of imported wool. Worsted took 46.3 million, woolens 21 million, and carpets 21 million. This total equaled about 68.5 million pounds on a clean basis—up 10.7 percent from the previous year. The industry continues to operate at 40 percent of capacity, largely because of the inadequate supply of fine wools.

In Pakistan, too, raw wool production in 1970 was about at the 1969 level —45 million pounds (greasy basis); and imports, estimated at about 3.2 million pounds, were probably at least double those of the previous year. Pakistan imports some fine-quality wool for blending to produce good woolen cloth.

Exports, however (principally of scoured wool), slumped to about 11 million pounds compared with the previous year's 20.6 million. This decline was apparently due to the reduction of the bonus rate on raw wool exports, from 20 percent in 1969–70 to 10 percent in 1970–71. The four major markets for Pakistan's raw scoured wool in 1970 were the USSR, the United Kingdom, Australia, and the United States. All together, they took 94 percent of the exports.

Pakistan's total consumption of raw wool in 1970 was roughly 28.7 million pounds, of which from 20 million to 23 million were used by modern woolen textile mills and carpet industries and the rest was utilized in household and cottage industries.

Under the Fourth Five-Year Plan, the Government also hoped to improve the quality and efficiency of the wool and carpet industry so as to compete better on the international market. Special encouragement was planned for mills using exclusively domestic material, without imported wool or synthetic fiber. If realized, these plans would tend to reduce export availabilities of raw wool.

Typically, sheep in both India and Pakistan are coarse-wooled breeds originally selected for their hardiness in rigorous climates. If the two countries could improve sheep productivity and develop fine wools—the type they both generally import—they could save foreign exchange and assist their textile industries.

India has made some moves in this direction. It is importing pedigreed Australian Corriedale sheep for the Central Sheep Breeding Farm at Hissar, Haryana; it has bought U.S. Rambouillets for several State farms; it is setting up wool-grading and marketing centers under a United Nations project; and a sheep and wool development corporation in Gujarat State is working with the Indian Woolen Mills Federation to produce fine wools, reduce the idle capacity of the industry, and assist the Government in crossbreeding and wool-grading programs. Pakistan, however, plans only to improve existing projects under the Five-Year Plan, which gives priority to livestock.

International Coffee Council Sets Quotas, Price Ranges for 1971-72

The International Coffee Council, meeting in London August 16-30, reduced the world coffee trade quota for 1971-72 by 2.5 million bags.

Primary purpose of the Council meeting was to establish quotas and price ranges for the 1971-72 (October-September) coffee year. About 98 percent of the coffee moving under world trade is shipped by members of the International Coffee Agreement.

The initial quota established for the 1971-72 year is 47.0 million bags (132.276 lb.). This compares with a final quota under the Agreement for 1970-71 of 49.5 million bags. There was a sizable buildup of stocks, however, in consuming countries during 1970-71, and it is expected that the reverse will happen in the coming year. The bulk of the stock changes in both years are attributed to the United States.

For 1971-72, as in the previous year, provision is made for the adjustment of quota both on a pro rata basis and on a selectivity basis. The latter allows for adjustments in the size of the quota of each of the four types of coffee individually, depending on the market price for that type.

Under the selectivity system, the price ranges established for the coming year are as follows:

Colombians	46 to 56 cents per pound
Other Milds	44 to 48 cents per pound
Unwashed Arabicas	42 to 46 cents per pound
Robustas	38.5 to 42.5 cents per pound

Prices must be outside the price ranges 15 marketing days before any adjustments are made.

A quarterly distribution of the 1971-72 quota was established which provided that 22 percent of the quota could be shipped in the first quarter (October-December), 25 percent in the second quarter, 26.5 percent in the third quarter, and 26.5 percent in the fourth quarter.

Argentina Resumes Domestic Beef Bans

In a renewed effort to boost beef exports, the Argentine Government has reinstated restrictions on domestic beef consumption. The restrictions were resumed August 9, when producers failed to meet the Government's quota of 125,000 head of cattle delivered to the Liniers market during 10 consecutive days.

The restrictions, which include an alternate weekly ban on cattle slaughter for domestic consumption and on domestic beef sales, initially ran from late March to mid-July, but were temporarily discontinued when arrivals on the Liniers market for the 10 consecutive marketing days ending July 12 totaled 130,552 head.

Despite the Government's efforts to insure adequate supplies, Argentina's beef exports for the first half of 1971 dropped 44 percent—to 123,000 metric tons—compared with 220,000 metric tons for the same period last year.

Argentina's decline in beef exports stems from the record slaughter of 1969 and early 1970 which depleted herds and increased prices to export packers.

U.S. Firms Complete Plans for Germany's ANUGA Trade Show

All available space has been reserved in the U.S. exhibit at ANUGA, biennial trade show held in Cologne, Germany. This year from September 25 to October 1, a total of 59 American firms will be represented at the show, either by an overseas agent or by a representative from this country.

An additional 17 U.S. firms will exhibit fishery products in cooperation with the National Marine Fisheries Service.

Also cooperating will be the Poultry and Egg Institute of America, Rice Council for Market Development, Florida Citrus Commission, Michigan Bean Shippers, California Cling Peach Advisory Board, and California Raisin Advisory Board.

Products new even to the American market will be starred in a special display which will include more than 150 new items—some still being test-marketed in this country—sent by 33 firms.

Featured in the show will be dehydrated vegetables, sweet corn, and frozen food—especially frozen vegetables. Exports of these foods are still relatively low; however, their rate of growth has been impressive and offers hope of increases in the future.

New U.S. Poultry and Egg Group Formed

The American Poultry and Hatchery Federation (APHF) has joined with the Institute of American Poultry Industries (IAPI) to become the Poultry and Egg Institute of America (PEIA). The move was made at APHF's last annual meeting and exhibit at Denver, Colorado, at the end of July.

PEIA is described as a "full service business association for all phases of the poultry and egg industry." It will serve domestically, and in Washington, and abroad.

APHF, organized in 1916 as the International Baby Chick Association, began as an organization serving the breeder and hatchery business. Through the years it has been heavily involved with the producer side of the egg, chicken, and turkey business.

IAPI, organized in 1926 as the U.S. Egg Society, has largely served and represented the processing and marketing sides of the business. Since 1956 it has been the poultry industry cooperator in the industry/Government market development program to expand export markets for U.S. poultry products. PEIA will continue in this role.

Over the past few years, individual business segments within the poultry industry have been moving toward integration of production and marketing.

Venezuela Lowers Duty on Bulgur

U.S. bulgur exporters are planning to increase their sales to Venezuela, following that country's reduction of the import duty from US$268 per metric ton to 11 cents per metric ton.

The reduction followed Venezuela's August 4 reclassification of bulgur from "Other cereals roasted or cooked" to "Wheat and spelt, unmilled."

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 8	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	1.93	0	2.04
USSR SKS-14	1.88	+2	(1)
Australian FAQ	1.72	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.90	+1	1.97
15 percent	1.99	+2	2.01
U.S. No. 2 Hard Winter:			
13.5 percent	1.80	−1	1.91
No. 3 Hard Amber Durum	1.81	0	1.92
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.70	+1	1.82
Feedgrains:			
U.S. No. 3 Yellow corn	1.39	−3	1.87
Argentine Plate corn	1.65	−2	1.99
U.S. No. 2 sorghum	1.42	−1	1.69
Argentine-Granifero sorghum	1.47	−3	1.72
U.S. No. 3 Feed barley	1.06	−4	1.42
Soybeans:			
U.S. No. 2 Yellow	3.48	+7	3.21
EC import levies:			
Wheat [2]	[4] 1.49	[4] +4	1.35
Corn [3]	[4] .99	[4] +3	.53
Sorghum [3]	[4] 1.01	[4] +7	.63

[1] Not quoted. [2] Durum has a separate levy. [3] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. [4] Forward trading suspended Aug. 16. Levies are for current month only. Note: Basis—30- to 60-day delivery.

Dairy and Poultry

West German Poultry Imports Up

West German imports of all slaughtered poultry meat during the first quarter of 1971 totaled 57,656 metric tons, as compared with 53,221 tons in the first 3 months of 1970. The Netherlands is the predominant supplier. Imports of fresh or frozen poultry meat from the United States during this period dropped to 1,900 tons from 2,567 tons a year earlier.

Although West Germany's total imports of turkey parts were down during January-March 1971, the United States still holds a commanding share of the market—90 and 99 percent, respectively, for turkey thighs and drumsticks. At the same time, imports of deboned poultry meat from the United States in the first 3 months of 1971 were almost double January-March 1970 imports. Reportedly, the increase reflects the larger shipments of boned turkey thighs—a product which is imported in bulk at attractive prices and processed into high-value baby foods.

U.S. shipments of poultry liver moved upward during the quarter, and imports of canned poultry meat from the United States showed a gain of 150 percent. Imports of poultry livers from all sources were 918 tons compared with 734 tons in 1970, while imports of canned poultry meat fell somewhat to 923 tons from the 999 tons imported during the first quarter of 1970.

U.S. trade data for the first half of 1971, with comparable 1970 data in parentheses, show the following exports of specified poultry meats to West Germany (in 1000 lb.): Chickens, young whole, 231 (80); chicken parts, 757 (535); turkey parts, 4,860 (8,150); poultry liver, 1,882 (1,458); canned poultry, 1,028 (137). Exports of all U.S. poultry meat to West Germany during the first 6 months of this year totaled 9.1 million pounds, a decrease of 16 percent from comparable shipments during 1970. However, West Germany remains one of the most important single-country export markets for U.S. poultry products.

West German Poultry Output Increases

Despite the cost-price squeeze problem in the West German poultry industry during the first 5 months of 1971, broiler meat output is expected to reach 175,000 metric tons by the end of the year, a 15-percent increase over last year.

Turkey production also is expected to increase in 1971. Commercial output this year could total 12,000 to 13,000 tons, as compared with 10,000 tons in 1970. Total production of all poultry meat in 1970 was reported to be 260,000 tons, compared with 223,000 tons in 1969.

The bulk of West Germany's turkey output consists of medium-sized birds with a dressed weight of 11 to 20 pounds. The turkey industry, however, is accelerating the production of heavier birds which are more suitable for cutting and marketing as parts. In May 1971, producer prices for live turkeys slaughtered in commercial plants averaged about 35 cents per pound.

Consumption of all poultry meat in 1970 is estimated to have reached 510,300 tons, a substantial increase over the 1969 consumption of 454,200 tons. Per capita consumption of poultry meat in 1970 was placed at 18.3 pounds and may reach 19.6 pounds this year.

Although domestic production continues upward, imports of poultry meat also continue to grow. Imports of slaughtered poultry in 1970 totaled 239,402 tons, 10 percent more than in 1969 and 21 percent more than in 1966. In 1970, the U.S.

share of the West German market was 4.3 percent—continuing the decline since 1962 when the U.S. share was 37.2 percent. This illustrates the negative effect of the European Community's protective policy on imports of poultry meat from the United States and other third countries. EC member countries, led by the Netherlands, increased their share of the West German market from 34 percent in 1962 to 84 percent in 1970.

Tobacco

Korea Increases Size of Cigarette Filter

Because Korean tobacco production is currently estimated to be about 80 percent below the production goal and available supplies are below the requirements for the 1972 domestic market and exports, South Korea's Office of Monopoly has taken action to increase the length of cigarette filters. According to a recent report, this action is expected to save about 1,420 metric tons of tobacco in the balance of 1971.

The present filter cigarettes are composed of a 14-millimeter filter and a 70-millimeter tobacco portion. The new cigarette will have a 21-millimeter filter and a 63-millimeter tobacco portion, for a 10-percent saving in the amount of tobacco.

Estimated production in 1971 is currently about 68,000 metric tons (150 million lb.), or only 80 percent of the production goal, whereas total estimated requirements for 1972 are 74,000 tons—55,000 for the domestic market and 19,000 for export. Korean exports have substantially expanded in recent years—rising from an average of less than 1 million pounds a year during the period 1960-64 to over 41 million pounds during 1970.

Sugar and Tropical Products

Australian Honey Crop Average, Exports Up

Australian honey production in the 1970-71 season is expected to be about average, totaling 40 million to 42 million pounds. The prospects for the new season, 1971-72, which begins in November, are above average.

In 1969-70, production set an alltime record of 49.1 million pounds with all States having increased production. This crop was 68 percent above the disastrous previous season and about 9 million pounds higher than the average for recent years.

Exports for the 1970-71 marketing year are expected to reach nearly 20 million pounds. Exports to the United Kingdom rose from 8.7 million pounds in the first 11 months of 1969-70 to 12.4 million in the same months of this year. Japan took 2 million pounds in the same time period, up from 275,000 pounds the year before. West Germany took 1.1 million pounds, up from 516,000 the year before.

The increase in the value of exports was much greater than the increase in volume. Bulk honey export volume for the first 11 months of 1970-71 was up 59 percent, but the value increased by 91 percent. Honey exports for retail sale in the first 10 months of 1970-71 were down by 2 percent while earnings were up by 17 percent.

AUSTRALIAN EXPORTS OF BULK HONEY

Destination	Quantity		Value	
	1969-70 [1]	1970-71 [1]	1969-70 [1]	1970-71 [1]
	Pounds	*Pounds*	*Dollars*	*Dollars*
Belgium-Luxembourg	34,070	12,000	4,034	1,554
Ceylon	11,050	17,750	1,081	1,955
Colombia	11,050	—	1,083	—
Denmark	462,270	587,659	46,877	77,547
Ethiopia	19,800	300	2,967	41
Fiji	—	420	—	71
France	46,860	—	7,232	—
Germany, West	516,203	1,056,419	57,355	153,384
Ghana	19,680	—	2,148	—
Hong Kong	9,920	2,600	1,263	301
Ireland	49,400	37,700	5,275	5,749
Italy	—	56,100	—	8,875
Japan	274,672	1,985,582	36,499	299,817
Korea, Republic of	—	11,135	—	1,658
Kuwait	975	—	454	—
Lebanon	2,220	—	260	—
Malawi	22,380	—	3,234	—
Malaysia	22,464	53,870	2,805	6,730
Mozambique	204,480	235,940	21,414	28,835
Netherlands	—	73,130	—	10,846
New Caledonia	690	120	105	20
Pakistan	223,660	32,500	24,937	4,197
Papua-New Guinea	840	4,392	145	972
Philippines	—	4,500	—	619
Portugal	—	55,980	—	7,404
Saudi Arabia	—	3,600	—	1,526
Singapore	33,660	240	3,503	41
Solomon Islands	60	60	11	10
S. Yemen	6,000	63,300	678	8,198
Sweden	6,000	330,726	745	45,701
Switzerland	60	13,755	6	2,013
Tanzania	16,140	—	1,479	—
United Kingdom	8,683,203	12,421,219	1,003,924	1,686,449
United States	19,800	—	2,486	—
Zambia	33,380	64,160	3,950	8,357
Total	10,730,987	17,125,157	1,235,950	2,362,870

[1] 11 months ending in May. Totals may not add due to rounding. Commonwealth Statistician.

Fruits, Nuts, and Vegetables

Turkish Almond Crop Expected Up

Turkey's 1971 almond production is forecast to reach 8,000 short tons (kernel-weight basis), slightly larger than last year's 7,500 tons. Under normal conditions, 3 tons of in-shell Turkish almonds are equal to 1 ton on a kernel (or shelled) weight basis. Approximately 90 percent of total production is consumed domestically, while only 10 percent is exported. Shelled bitter almonds account for over 60 percent of Turkish almond exports.

Revised Portugese Almond Estimate

Revised estimates call for a 1971 Portugese almond crop of 7,000 tons. This represents a slight decline compared to earlier forecasts of 8,000 tons. However, if this forecast is accurate, the 1971 harvest will set a record.

Cotton

Rise in U.S. Cotton Exports in 1970-71

U.S. cotton exports for the 1970-71 (August-July) season totaled approximately 3,740,000 running bales, an increase of 35 percent from the 2,768,000 bales exported during the previous season. This sharp rise in U.S. cotton exports reflects the tight world supply situation.

U.S. exports to Europe rose by more than 50 percent, regaining most of last year's drop, but they still represented only 50 percent of the million-bale level recorded for 1967 and only about 25 percent of the average exports to Europe in the early 1960's. U.S. exports to Belgium-Luxembourg, Switzerland, West Germany, and the United Kingdom more than doubled. Shipments to Poland, however, fell from 51,000 bales in 1969-70 to none in 1970-71.

Exports to Japan and Taiwan registered the largest increases over the previous season (up more than 200,000 bales), but shipments to Canada and Hong Kong also increased by more than 100,000 bales each. Both India and Indonesia reduced their imports of U.S. cotton by about 50,000 bales.

The west coast dock strike that began on July 1 restricted cotton exports from those ports during July, but U.S. shipments for the month nevertheless totaled approximately 214,000 running bales. This was one-third lower than June exports of 307,000 bales, but still above the July 1970 level of 186,000. Nearly 100,000 bales of cotton slated for export were in west coast ports when the dock strike began and are still awaiting shipment.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1				
	Average 1960-64	1967	1968	1969	1970
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	1	0	0	0
Belgium-Luxembourg	121	45	30	19	46
Denmark	14	10	1	(1)	(1)
Finland	17	11	3	6	2
France	319	148	88	30	60
Germany, West	269	100	31	26	65
Italy	345	253	62	46	57
Netherlands	110	36	19	19	34
Norway	13	7	5	1	3
Poland	125	77	106	51	0
Portugal	21	9	8	2	5
Romania	2	0	0	46	57
Spain	74	7	5	4	19
Sweden	81	75	51	37	29
Switzerland	74	60	32	15	33
United Kingdom	244	125	48	38	95
Yugoslavia	112	67	54	0	2
Other Europe	15	24	7	4	20
Total Europe	1,979	1,055	550	344	527
Algeria	9	13	27	11	32
Australia	61	17	0	(1)	7
Bolivia	7	0	0	0	0
Canada	353	142	108	181	292
Chile	18	1	(1)	1	2
Congo (Kinshasa)	6	13	0	0	0
Ethiopia	9	22	9	1	3
Ghana	1	12	17	27	43
Hong Kong	148	299	194	61	193
India	314	342	174	261	211
Indonesia	40	70	105	242	194
Israel	15	4	1	(1)	2
Jamaica	4	1	2	2	3
Japan	1,192	1,103	536	623	841
Korea, Republic of	261	351	447	455	491
Malaysia	1	3	6	6	11
Morocco	12	35	19	28	23
Pakistan	14	18	1	16	6
Philippines	123	154	119	146	137
Singapore	1	6	3	2	11
South Africa	41	23	9	4	19
Taiwan	209	378	259	193	406
Thailand	34	90	66	54	142
Tunisia	2	14	0	5	0
Venezuela	8	(1)	(1)	(1)	9
Vietnam, South	46	24	62	99	114
Other countries	16	16	17	6	21
Total	4,924	4,206	2,731	2,768	3,740

[1] Less than 500 bales.

Crops and Market Index

Cotton
15 Rise in U.S. Cotton Exports in 1970–71

Dairy and Poultry
13 West German Poultry Imports Up
13 West German Poultry Output Increases

Fruits, Nuts, and Vegetables
14 Turkish Almond Crop Expected Up
14 Revised Portuguese Almond Estimate

Grains, Feeds, Pulses, and Seeds
13 Rotterdam Grain Prices and Levies

Sugar and Tropical Products
14 Australian Honey Crop Average, Exports Up

Tobacco
14 Korea Increases Size of Cigarette Filter

Correction: In issue of August 30, 1971, page 11, the last three lines of the table on Philippine rice supply and disappearance should be revised for three of the columns. The column "Beginning stocks" should read 513 in all three lines. "Total supply" should read 4,163; 4,401; 4,523. "Ending stocks" should read 453; 691; 813.

USDA Publication on Import Surcharge Shows Which Farm Items Are Covered

Recently issued by the Foreign Agricultural Service is an annotated version of the Tariff Schedules of the United States, showing at a glance which agricultural commodities will be affected by the new 10-percent import surcharge. Items not affected by the surcharge and the reasons for their exemption are indicated.

Single copies of the publication can be obtained without charge, from the Foreign Market Information Division, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250.

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Foreign Agriculture

Ecuador: A U.S. Wheat Market (Continued from page 7)

include not more than 20 percent imported wheat and 80 percent domestic. In the coastal region, the percentages were reversed and the allowable percentage of imported wheat was 80 percent. At the present time milling percentages are 60 percent imported wheat and 40 percent domestic in the Sierra region, and 10 percent domestic and 90 percent imported on the coast.

Ecuador now has 25 flour mills, with a total daily milling capacity of approximately 830 tons. These mills can be divided into two categories. Two large mills are located in the coastal city of Guayaquil with capacities of over 200 tons daily, and 19 small mills are located in Quito and other highland cities, with capacities ranging from 4 to 30 tons daily.

The National Wheat Commission—now renamed the National Program for Grains and Fodder—recognizes that it is necessary for Ecuador to continue to import large volumes of foreign wheats to blend with domestically produced grain. Ecuadorean housewives and bakers are accustomed to a high-quality, high-protein flour with good baking qualities. Ecuadorean flour lacks these and U.S. wheats are imported to blend with domestic wheat.

Northern Spring and Dark Northern Spring wheats from the United States are sought after by Ecuadorean processors because of their milling characteristics and by bakers because of their baking qualities. Flours from these wheats are also popular with home bakers.

Although Ecuador has one of the lowest rates of per capita wheat consumption in Latin America, this rate is increasing yearly. Because of the limited area available for future expansion of wheat production, Ecuador will remain a wheat-importing country for at least the foreseeable future. The competition to supply this wheat is keen, and several offers have been made to Ecuador by U.S. competitors. But U.S. Northern Spring and Dark Northern Spring wheats are well known by Ecuadorean millers and bakers and should fare well in future years.

World Coffee (Continued from page 6)

as precise forecasts of the amount of coffee that will become available during the period.

It is doubtful whether Brazil will supply more than about 28 percent of world exports during 1973-78 (15 to 16 million bags per year). This would require an average production of between 24 and 25 million bags per year—an average far higher than that achieved during the past 10 years. Even eliminating the two small, freeze-damaged crops of 1964-65 and 1970-71, Brazil's average production since 1962-63 has only been 24.4 million bags. Exports from Ethiopia of Unwashed Arabicas will probably continue to increase at a modest rate.

In view of the anticipated low level of Brazilian exports of Unwashed Arabicas, shipments of coffee of the other three types will have to be increased. While supplies of Other Milds will probably be tight, it is anticipated that there will be adequate supplies of both Colombian Milds and Robustas to 1978. There could be a continued stock buildup of Robustas unless that type is able to capture at least a 35-percent share of the world market. Its average share during the 5-year period 1965-66 to 1969-70 was about 27.3 percent.

It is clear that in the future, as in the past, Brazilian production will determine the stability of the world coffee market despite Brazil's declining role as a supplier. Larger than anticipated Brazilian production during the next few years would insure the continuation of a comfortable cushion of surplus stocks. Lower production could mean real market tightness, while a severe freeze in Brazil's producing areas could seriously affect production.

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